



A STUDY ON THE SERVICES OF GENERAL INSURANCE COMPANIES IN THE RURAL AREAS OF NORTHERN KERALA

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ABSTRACT

In India General Insurance or Non-life insurance market is one of the emerging, dynamic and rapidly growing sector existing for protecting the personal and social security needs of people. During 2017-18 General Insurance sector has seventeen percent rise in gross written premiums compared to the previous year. General insurance sector has a pivotal role in the socio economic development of every nation but it is seen that in rural area the coverage of general insurance is not much flourished and neglected from all its benefits because of the low coverage. To maintain the social security in the rural area IRDA has timely intervention and as a result of the same various innovative and attractive measures in the form of various products affordable to the lower socio economic strata of the society. This study is based on primary data pertaining to the quality of the services of general insurance in the rural areas of Northern Kerala, a small state in India. Data collected from eighty randomly selected respondents through a questionnaire and methodological framing has also done in an appropriate manner. The main objective of this study is to examine whether the insurers potentially utilise the opportunities of the rural market in order to fill the gap of protecting the social security needs of the rural people.

KEYWORDS: General Insurance, Social Security, Risk coverage, Customer perception, Customer Satisfaction.

INTRODUCTION:

The purpose of establishment of insurance companies is to ensure the personal and social security maintenance in the country by covering the expected risk. Both Life and Non-life insurance (General Insurance) companies are there in India under public and private sectors. General insurance companies focus the Non-life insurance and coverage of different types of risks in various categories. The role of General Insurance companies in the socio-economic development of a country is significant. General insurance companies in India have seventeen percent rise in gross written premiums for the financial year 2017-18, compared to the previous year. The private sector general insurers have a higher rate of growth at 21.6 percent compared to the four public general insurers' growth of 13 percent. State-owned insurers including New India Assurance, National Insurance, Oriental India Insurance and United India Insurance collected gross direct premium of Rs 67,921.17 crore compared to Rs 65,427.16 crore collected by private sector insurers. The country's largest general insurer, New India Assurance Co, collected gross written premium of Rs 22,695.95 crore, showing a 19 percent growth. In Kerala almost all insurance companies have their presence with branches and working in urban and rural areas and have significant market shares for their products. These companies are working by focusing the customer satisfaction through enhanced customer choice and varieties with lower premiums. Even though the general insurance market is spread over all areas most of the remote rural areas are still neglecting from the benefits of general insurance.

STATEMENT OF THE PROBLEM:

In the present age of information technology all insurers are adopting their own innovative strategies for launching attractive scheme initiation, promotion, new way of distribution etc. Even though all these strategies are targeted to all, this is effectively working in urban areas because of the educated people having much awareness and facility of all communication means. It is highly relevant that to know that how this will affect the rural customers. Most of the Indian people living in rural areas especially in Kerala and engaged in agricultural and other unstructured fields. That is why to protect them and their belongings as social beings is must and this is considered as a social responsibility of the government. That is why it is quite essential to conduct a study relating to this in the rural areas and for this Northern part of Kerala is selected which includes five districts. This study examines what extend this is fulfilled and what are the possible problems of rural insurance marketing.

OBJECTIVES OF THE STUDY:

- To examine the awareness level of people about various general insurance companies and their products.
- To study and identify the preferred policies and influencing factors for choosing such policies and the various sources for getting policies.
- To study various problems associated with the rural insurance marketing.
- To study the level of customer satisfaction on the services of rural insurance marketing.

LITERATURE REVIEW::

There are a number of studies conducted pertaining to insurance sector and available as books, articles and other published forms. Presenting here some extracts

relevant to the context of the study.

- According to one study (Gupta Aditya - 2014) the status of rural insurance coverage and reasons behind the poor performance of insurance companies. He emphasized that general insurance sector have developed in India but still the coverage is low in rural areas. The reasons behind the less popularity of general insurance products are lack of awareness, motivation and timely settlement of claims.
- According to this article (Raju Satya R - 2004) insurance agents, development officers' employees, executives at different levels should work together to obtain the objectives and mission and also to face the present and future competition as a challenge. The insurance product and services should be designed and offered as per the customer requirements
- In one article (Ramanathan, KV - 2011) Research has resulted in the development of a reliable and valid instrument for assessing customer perceived quality of service, level of awareness, and satisfaction level of customers towards general insurance sector.
- In one book (India Insurance guide -2014) found that the Insurance industry is going to witness some drastic changes in the marketing strategies. The existing and the new insurers will devise different strategies to retain and enhance their rural market share. It would be done by various methods by bringing in new practices, settings new service standards and creating new benchmarks in the rural area

METHODOLOGY ADOPTED:

Both primary and secondary data used for the study but mainly depended the primary data for analysis and interpretation and which has been collected by using a well structured questionnaire. Data collected from a randomly collected 80 respondents, i.e. the holders of various General Insurance policies from the northern part of Kerala and appropriate tools have been used for analysis.

ANALYSIS & INTERPRETATION:

The results and discussion is purely based on the view points of the respondents as detailed below :

- Gender & Age Group** factors of customers having a significant role as regards to insurance marketing. Out of the total customers 84 percent male and only 16 percent female and this shows that general insurance is preferred mainly by male. As per the data majority (29 percentage) of the respondents belongs to the age group of 36-45. This means middle aged people are more conscious about the social security aspects.
- Income level of customers:** having importance in this study. Majority of the respondents (29%) belongs to the range of 10000-15000, 24% belongs to 5000-10000, 22% belongs to 15000-20000, 15% above 20000 and 10% below 5000. This means that middle income group are more concentrated to take policies.
- Educational background** of the customers are concerned there are five categories given, Illiterate, Up to 10th, Higher Secondary, Graduate and Above

Graduate and majority of the customers coming under the category of up to 10th. This indicates that educated people and illiterate people are comparatively less with the insurance policies.

- **Family Size of Customers** is also another important aspect. As per the collected data majority of the policy holders come under the size of 5 to 9 members (31%). This implies that members of nuclear families and members above 9 are not having much coverage in the general insurance.
- **The Purpose of Insurance policy** is to cover the risk but there are other reasons for taking a policy i.e. the influence of the agent, compulsion from friends and relatives etc. Here as per the collected data majority of the customers (89%) have taken the policy to cover the risk, i.e. the real purpose of taking the policy.
- **Settlement procedure:** The full satisfaction on any insurance policy lies its easy and speedy settlement at the time of occurring risk. Even though every insurers motivates the people by saying that the settlement procedures are simple and speedy. As per the responses 65 percentage says that the procedure is lengthy and not simple. Unwanted and unnecessary delay occurred during the settlement. More documental evidences need to be produced.
- **Preferred type of product:** There are variety of products designed under the general insurance coverage by different insurers under Public Sector and Private sector. The mandatory policies like Motor Vehicle insurance is excluded in this category. Most of them preferred Agricultural insurance, Theft insurance, Fire insurance, Cattle insurance etc. in the public sector insurers. Number of insurance is more in the case of Theft insurance and Cattle insurance. People are not aware about more policies designed for the rural people as per the statutory provision of the govt. and IRDA. Many low premium micro insurance policies are there and these are not much promoted by the insurance companies.
- **Choosing a Policy:** Criteria or the influencing factors for choosing a policy will be different in all cases. There are various aspects directly or indirectly influence a person to choose a product. A list of ten variables have been given and directed to rank them in the order that the most influencing factor should be '10', next '9' ...and the least influencing factor should be '1'. Accordingly all the respondents ranked and the total values of ranking considered and its percentage also taken. Accordingly the most influencing factor is the 'Quality of Services', then 'Quality of the Product' as per the table given below. That is the highest percentage of the rank value is 16.41% which relates to the Service Quality.

Sl. No	Variables	Total Rank Points	Rank Value Percentage
1	Name of Company	356	8.09
2	Policy brand name	292	6.64
3	Accessibility	307	6.98
4	Product Quality	662	15.05
5	Service Quality	722	16.41
6	Insurance Agent	513	11.66
7	Cost & other charges	542	12.32
8	Least procedures	305	6.93
9	Added values	333	7.57
10	Offers and other benefits	368	8.36
Total		4400	100

Source Primary data



- **Finding the insurer:** In the present emerging and competitive insurance market it is not difficult to find an insurer with apt product. Normally through different distribution channels like direct, bank, financial institutions, agents etc. are working. As per this study most of the people are getting the information through agents. Since this is the conventional way of marketing the innovative means through different financial agencies are totally neglected.
- **The overall satisfaction** has studied by giving some basic variables relating to the same and based on the same 51 % are fully satisfied, 29 % average satisfied, 16% below average and 4% dissatisfied customers. The government should interfere into this and give direction to launch low premium and cost but highly benefited policies to protect the rural people. The reason for dissatisfaction are, lack of proper information, problem of accessibility, behavior of intermediaries, lengthy procedures of claim settlement etc. Even though majority satisfied the overall development is possible only by satisfying all in the same level by providing quality service.

FINDINGS:

The following are the findings based on the objectives and analysis made : It has been found that majority of male customers in the age group of 26-35 are more aware and taking insurance policies for many reasons. Also found that education is not a criteria for taking insurance policy. People with 10th std are more attracted and buying general insurance policies. Illiterate people are not much aware about this. The intermediaries are not approaching the remote rural people with proper information about the products. The 5-9 size family is having maximum insurance policies, bit and small family members are not coming forward due to certain reasons. Medium income group is also coming forward to buy insurance policies. Most of the customers prefer Public sector insurers and their policies. Some are still buying this to fulfill some tax rebates and savings. Customers prefers the less effort way to deal with the policy rather than the integrity, quality services and benefits provided by the established insurers. The intermediaries behavior is also a major decisive factor. Even though many official formal channels of distribution for the products, rural people still prefers the agents. Some customers satisfied with the premium policies and services of insurance companies and this shows the possibility of expansion of general insurance business in rural India. Some are not really satisfied with the lengthy claim settlement procedures.

SUGGESTIONS:

The main challenge of every insurers is to provide quality services to the lower end of the society with lower costs as and when required. Proper awareness must be given in the suitable way among the rural people about the details of various insurance policies. More micro insurance products should be offered with attractive terms preferably for the under privileged people in the rural area based on their income affordability. Strategic campaigning has to be made to bring all people to access and make to familiar the various general insurance products. The importance of risk coverage and social security has to be educated properly and need to attract all types and sizes of family into the scenario. The quality of the behavior of the agents should be taken into consideration and this will in a high manner help the growth and development of insurance companies. The insurers should think for innovative less cost alternative distribution channels. Government should more concentrate the rural area and design low cost insurance products in order to cover the risk. More transparency should be maintained in all phases of procedures. There should not be any hidden cost and hidden aspects and the claim settlement procedures should be simplified and minimise the length of the settlement. Quality services should be provided with quality products with high end transparency with much guarantee and this will create an integrity oriented base and prosperity for all insurers.

CONCLUSION:

The socio economic development of every nation highly depending upon that the coverage of financial products throughout the country. Hence government should take necessary steps to promote the insurance industry in order to match the social security needs of rural people. Every insurers should offer products according to the requirements and affordability of rural people. If we observe this strictly the development through the financial inclusion is possible through the general insurance penetration in rural area.

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